MINNESOTA
AGRICULTURAL
STATISTICS
SERVICE
E-mail: nass-mn@nass.usda.gov
http://www.nass.usda.gov/mn/

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Minnesota & U.S.
Depts. of Agriculture
P O Box 7068
St. Paul, MN 55107
Phone (651) 296-2230

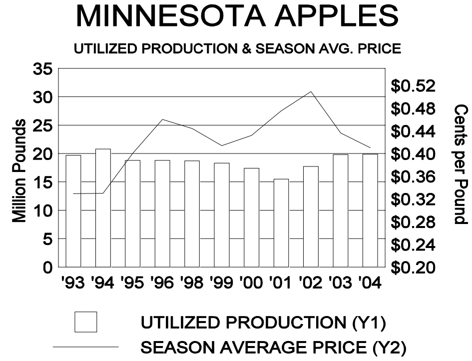
STATE'S UTILIZED APPLE PRODUCTION INCREASED SLIGHTLY

MINNESOTA: Minnesota's 2004 utilized apple production was estimated at 19.9 million pounds, up 100,000 pounds from 2003. The 2004 total apple production is estimated at 25.0 million pounds, a decrease of 2.0 million pounds from last year's crop.

The value received for the 2004 crop was down 5 percent from 2003. The preliminary average price received for Minnesota apples was 41.0 cents per pound compared with 43.6 cents in 2003, down 2.6 cents per pound. The price includes fresh sales (both retail and wholesale) plus processing sales on a delivered wholesale basis. Both production and price estimates are subject to revision when the updated annual summary is published in August.

UNITED STATES: Utilized apple production for 2004 is estimated at 9.93 billion pounds, up 15 percent from the 2003 level. Utilized production for Washington and New York increased 30 percent and 7 percent, respectively, while Michigan's utilized production decreased 19 percent compared to last year. In Washington, excellent growing conditions allowed production to rebound from the short 2003 crop. Yield potential in Michigan was reduced by a hard freeze during the first week of May. Widespread hail storms in the early Fall further curtailed Michigan production. Heat in California and remnants of the hurricanes in Pennsylvania reduced utilized production from 2003.

CROP YEAR	UTILIZED PRODUCTION (MILLION LBS.)	SEASON AVERAGE PRICE (CENTS PER LB.)	VALUE (1,000 DOLLARS)
MINNESOTA:			
2000	17.4	43.2	7,523
2001	15.5	47.5	7,363
2002	17.7	50.9	9,008
2003	19.8	43.6	8,624
2004	19.9	41.0	8,157
UNITED STATES:			
2000	10,322	12.8	1,320,781
2001	9,214	15.8	1,453,073
2002	8,374	18.9	1,581,260
2003	8,623	21.0	1,811,130
2004	9,928	17.7	1,758,277



U.S. CATTLE ON FEED UP SLIGHTLY

Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.3 million head on January 1, 2005. The inventory was slightly above January 1, 2004 and 6 percent above January 1, 2003.

Placements in feedlots during December totaled 1.83 million, 5 percent above 2003 and 14 percent above 2002. This is the highest placements for the month of December since the series began in 1996. Net placements were 1.74 million. During December, placements of cattle and calves weighing less than 600 pounds were 465,000, 600-699 pounds were 558,000, 700-799 pounds were 489,000, and 800 pounds and greater were 322,000.

Marketings of fed cattle during December totaled 1.78 million, 2 percent above 2003 but 1 percent below 2002.

Other disappearance totaled 92,000 during December, 2 percent above 2003 but 7 percent below 2002.

Cattle on Feed: Number on Feed, 1,000+ Capacity Feedlots, by Month, State, and United States 2004-2005 [1]

State	Jan 1, 2004	Dec 1, 2004	Jan 1, 2005		
			Number	as % of 2004	as % of Dec
	1,000 Head	1,000 Head	1,000 Head	Percent	Percent
AZ	293	329	331	113	101
CA	510	530	535	105	101
CO	1,040	1,100	1,080	104	98
ID	300	305	295	98	97
IA	370	435	450	122	103
KS	2,430	2,390	2,410	99	101
NE	2,280	2,300	2,300	101	100
NM	115	129	126	110	98
OK	355	355	350	99	99
SD	200	186	192	96	103
TX	2,830	2,740	2,700	95	99
WA	200	185	190	95	103
Oth Sts	330	360	350	106	97
US	11,253	11,344	11,309	100	100

1/ Cattle and calves on feed are animals for slaughter market being fed a ration of grain or other concentrates and are expected to produce a carcass that will grade select or better.

BSE Minimal Risk Regulations Released for Beef and Cattle Imports

The cattle/beef sector has had major adjustments the last 2 years. With the discovery of a dairy cow in Canada with Bovine Spongiform Encephalopathy (BSE) on May 20, 2003, cattle and beef imports from Canada were banned from international trade. The United States allowed boneless beef from cattle slaughtered under 30 months of age to be imported from Canada beginning August 8, 2003. Mexico approved imports from Canada shortly thereafter, under similar guidelines. On December 23, 2003, a dairy cow, born in Canada, was discovered in Washington State. Imports from the United States were banned following the BSE announcement. Subsequently, trade was re-opened with Canada and then Mexico resumed importing under the same conditions set up with Canada. A number of additional countries have since resumed trade with the United States.

The U.S. Department of Agriculture is in the process of amending the Code of Federal Regulations by establishing a category of regions that present a minimal risk of introducing BSE into the United States. It will set forth the factors to be considered when listing a region as one of minimal risk, as well as required riskmitigating measures. The rule lists Canada as the only minimal-risk region at this time. Future requests received from other regions to be listed in this category will be evaluated. The rule was published in the Federal Register on January 4, 2005, and will be effective March 7, 2005. The rule establishes regulations for the resumption of Canadian live cattle trade, it allows for cattle to be placed in U.S. feedlots under restricted conditions and slaughtered under 30 months of age, and cattle under 30 months of age to be imported for immediate slaughter. The rule also provides regulations for importing beef from cattle over 30 months of age. The rule can be viewed at: http://www.aphis.usda.gov/lpa/issues/bse/03-080-3_final_rule.pdf

Strong Hog Prices With Slightly Higher Pork Production Expected in 2005

Pig crops plus farrowing intentions reported in the December *Quarterly Hogs and Pigs* report point to 2005 pork production of about 20.7 billion pounds, almost 1 percent above production last year. Prices for 51-52 percent lean hogs (live equivalent) are expected to average $47-$50 per hundredweight (cwt) this year. While 8 percent below 2004, 2005 hog prices are expected to average 22 percent above prices in 2003.

Pork Production Expected To Increase Slightly in 2005

Pig crops plus farrowing intentions reported in the December report point to 2005 pork production of about 20.7 billion pounds, almost 1 percent above production last year. The production forecast assumes that 2005 slaughter weights will be about a pound heavier than last year, given favorable feed costs, and that the United States will import about 5 percent fewer live hogs from Canada due to dumping penalties currently in place. Final disposition of dumping penalties--a result of a trade action by the National Pork Producers Council--will be determined by the U.S. Department of Commerce and the International Trade Commission in the spring.

Source: Economic Research Service, USDA, Livestock, Dairy and Poultry Outlook, http://www.ers.usda.gov

Higher Broiler Production Expected in 2005

During the fourth quarter of 2004, the number of eggs being set per week averaged 204 million, up 2.3 percent from the same period a year earlier. The number of chicks placed for growout per week averaged 168 million, 3.4 percent higher than a year earlier. The average growth rate in eggs set and chicks placed tended to be somewhat lower towards the end of the quarter. Although there is expected to be strength in the export market, prices for most broiler products are currently below a year earlier. With lower prices for most broiler products, growth in egg sets and chick placement are expected to gradually slow. This implies a slightly slower growth in U.S. broiler production through the first half of 2005. Broiler production during the first half of 2005 is expected to total 17.2 billion pounds, about 3 percent higher than in the same period in 2004. The effects of a growing economy and a strong export market will be partially offset by the effects of increases in beef products in the U.S. market as beef and cattle again come in from Canada.

Broiler production in November was 2.79 billion pounds, an increase of 15.1 percent from a year earlier. The large production increase is due chiefly to an additional two slaughter days in November 2004 compared with a year earlier.

Broiler stocks at the end of November totaled 765 million pounds, 33 million pounds lower than October, but still 35 percent higher than a year earlier. All of the increase has been in broiler parts, as the stock level for whole birds was only 21 million pounds, down 12 percent from a year earlier. While the stock levels for all broiler parts where higher, stocks for paws (up 121 percent) increased the most as restrictions on exports to China have greatly reduced exports.

Source: Economic Research Service, USDA, Livestock, Dairy and Poultry Outlook, http://www.ers.usda.gov

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Douglas Hartwig
Director